

Future Mobility Solutions: Results Announcement for Financial Year Ending 31st March, 2018

Acquisitions and Investments Support Group Growth and Development

The year has been one of exciting and transformational change for the Group with acquisitions and investments dominating the landscape. The acquisition of a 70% interest in Sillinger S.A.S was completed in August. This was followed by the acquisitions of Sealegs Europe S.A.S in September, Lancer Industries Ltd in October, and Willard Marine Inc. in February.

The Directors are delighted with the Group's new brands and anticipate that their already strong customer base will continue to expand and deepen. The Group's forward order books now provide more certainty over the Group's future revenue streams with the greater mix of professional, governmental and military customers offsetting the predominantly recreational customers of Sealegs. Equally, as envisaged at the time of the acquisitions, these new customers substantially enhance the opportunity for Sealegs to expand the distribution of its products beyond its traditional markets.

In summary the unaudited results and highlights for the year were as follows:

- Turnover \$30.3m, an increase of \$12.6m or 71% over the prior comparative year of \$17.7m
- If the new subsidiaries had been acquired from the start of the financial year reported Turnover would have been \$47.8 m.
- Gross Margin lifted from \$6.0m to \$8.7m, an increase of 45%
- EBITDA¹ of \$0.4m was a decrease from the \$1.3m reported in the prior comparative year
- A net loss after tax of \$2.4m was recognised compared to a \$0.6m profit after tax in the prior comparative year

Transformation of the scale undertaken by the Group does create comparability issues in the financial statements. This impacts this financial year, as the current year only captures the post-acquisition results of the new subsidiaries while the comparative year does not. It also impacts next year, when the full year effects of the acquisitions are recognised compared to only the post-acquisition effects in this year.

Of the \$12.6m increase in turnover, \$9.8m was attributable to the new acquisitions with the balance of \$2.8m equating to a 15.8% increase in the turnover from the Sealegs business.

The gross margin as a percentage of sales was 28.5% in the current year, compared to 33.8% in the prior comparative year. As foreshadowed in the interim accounts, the gross margin as a percentage of sales will continue to adjust as anticipated improvements in manufacturing efficiency take effect and the full year effects of new subsidiaries are recognised.

¹ EBITDA = Earnings before Interest, Tax, Depreciation, Amortisation and Other Items.

Marketing and distribution costs increased by \$1.6m. Of this increase, \$1.1m related to the marketing and distribution activities of new subsidiaries. Administration and other expenses increased by \$2.0m, with \$1.7m relating to new subsidiaries. Opportunities for cost efficiencies are being identified through the integration activities.

The year was also impacted by the increase in the operating expense base to reflect the enlarged scale of the group and the cost of litigation associated with Sealegs' High Court action over the alleged infringement of its intellectual property. These costs both contributed to the net loss after tax of \$2.5m.

Despite this result, the Directors remain confident that the group's growth strategy, and the investment being made now in the future of the business, will prove rewarding over time. They also continue to examine and implement the synergies and cost rationalisation of the enlarged Group and consider further opportunities for non-organic expansion.

ABOUT FMS:

FMS is a holding company for a number of businesses and brands focused on marine and related sectors and technologies.

These brands include: Sealegs (www.sealegs.com), Willard (www.willardmarine.com), Sillinger (www.sillinger.com) and Lancer (www.lancer.co.nz).

For further information, please contact:

Mark Broadley

Chief Executive Officer

Future Mobility Solutions Limited